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Contact: 97-71  
Jay Ziegler  
Kirsten Powers  
Christine Wilkas  
(202) 395-3230

**STATEMENT BY U.S. TRADE REPRESENTATIVE CHARLENE BARSHEFSKY  
ON JAPAN FAIR TRADE COMMISSION SURVEY ON FILM**

The findings of the Japan Fair Trade Commission (JFTC) survey of the Japanese film sector issued in Tokyo today confirm many of the anticompetitive practices thoroughly documented by the U.S. and the EU in this sector. For example, the survey finds that the dominant Japanese film manufacturer's use of such exclusionary business practices as rebates, security deposits, horizontal and vertical price restraints, tying arrangements, and refusals to deal are thwarting foreign competition in this sector. The survey also raises concerns about financial ties in the Japanese manufacturer-distributor relationship.

However, as in other sectors that have been surveyed in the past, the JFTC once again has issued weak and woefully insufficient recommendations for addressing these problems. The JFTC has failed to take serious enforcement action to ensure that these anticompetitive practices, which are commonplace in this sector, are fully eliminated.

Moreover, the survey findings whitewash the significant distribution problems that exist in this sector. The exclusionary distribution system established by the Government of Japan to thwart foreign competition remains in place. While the survey asserts that the marketplace is evolving, foreign firms remain unable to gain access to the wholesale channels necessary to be competitive in the Japanese film and photographic paper market.

The JFTC's findings reinforce the reluctance of the United States to rely on the JFTC to address the array of informal market access barriers faced by foreign firms in the Japanese market. While the Japanese Government has sought to strengthen the JFTC over the past several years, it clearly has not yet developed into the type of strong and independent agency capable of effectively dealing with these issues.